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Progress in the renovation of Africa Hall and the construction of new office facilities at the Economic Commission for Africa in Addis Ababa

Report of the Advisory Committee on Administrative and Budgetary questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on progress in the renovation of Africa Hall and the construction of new office facilities at the Economic Commission for Africa in Addis Ababa (A/73/355). During its consideration of the report, the Committee met with the representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 26 November 2018.

2. In his report, pursuant to section V of General Assembly resolution 72/262 A, the Secretary-General provides updated information on: (a) the completion of the new office facilities at the Economic Commission for Africa (ECA) in Addis Ababa and the related ancillary projects; and (b) progress made on the renovation of Africa Hall.

II. Progress on the construction of new office facilities and ancillary works

3. The Secretary-General indicates that, in the third quarter of 2017, works related to the construction of new office facilities (Zambezi Building) and ancillary works were completed (ibid., paras. 1–2). Upon enquiry, the Advisory Committee was informed that following the expiry of the one-year liability period, the project had been closed out. **The Committee welcomes the completion of the construction of new office facilities (Zambezi Building) and ancillary works.**

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III. Update on the Africa Hall renovation project

4. Details on the Africa Hall renovation project are provided in section II of the report of the Secretary-General.

Cooperation with the Government of the host country and with other Member States

5. The Secretary-General indicates that collaboration between ECA and the host country resulted, on 13 April 2018, in a project-specific agreement signed between the United Nations and the Government of Ethiopia, setting out the operational arrangements for customs and import processing and conferring other privileges related to project implementation. In June 2018, the Addis Ababa mayor's office confirmed the availability of land for ECA visitors' parking. Furthermore, together with the United Nations Educational, Scientific and Cultural Organization and the African Union, the host country has defined specific themes for the proposed permanent exhibition spaces, in particular regarding the historical aspects of Africa Hall (ibid., paras. 34–43). **The Advisory Committee expresses its gratitude to the host country for its continued support of ECA and trusts that the Secretary-General will continue to take steps to engage with the host country to ensure the success of the project.**

6. The Secretary-General indicates that ECA has established a trust fund with regard to the contribution received from Mali in 2016 in the amount of $52,192 (A/72/7/Add.26, para. 16). He also indicates that the finalization of the contribution agreement with the Government of Switzerland is in progress in order to support, in part, the costs related to the start-up of the visitors' centre and, in part, the costs for operating the visitors' centre during its first year. The Secretary-General also indicates that ECA continued its efforts to seek voluntary contributions by meeting with Member States in the context of regional groupings (A/73/355, paras. 37–40). **The Advisory Committee notes with appreciation the voluntary contributions provided by Member States and encourages the Secretary-General to continue his engagement with all Member States to seek voluntary contributions and other forms of support for the renovation of Africa Hall.**

7. The Secretary-General also indicates that ECA is developing a comprehensive strategy and related action plan to mobilize resources from the private sector, as requested by the General Assembly. (ibid., para. 42). ECA is also collaborating with the Faculty of Architecture of the University of Addis Ababa, which recently established a master's programme in heritage conservation (ibid., para. 55). **The Advisory Committee welcomes these efforts and encourages the Secretary-General to develop a comprehensive and sustainable resource mobilization strategy, with particular emphasis on the African region. The Committee reiterates its view that additional efforts are needed to raise global awareness of the historic Africa Hall and the African heritage that it represents, and to cultivate partnerships with regional and international academic and research institutions, including universities and museums, specializing in African history and culture (see also A/72/7/Add.26, para. 17). The Committee looks forward to an update on efforts made and results achieved in this respect in the context of the next progress report.**

Project management

8. Details with respect to project governance and management, including information on the project team, are set out in paragraphs 10 to 21 of the report of the Secretary-General.

9. The Secretary-General indicates that the work of the Stakeholders Committee and the Advisory Board is well under way and that coordination with Headquarters in New York is continuing. He further indicates that no staffing changes have been proposed and that the project management team and security support will remain unchanged (A/73/355, paras. 18–20).[1]

10. With respect to consultancies, as indicated in paragraph 21 of the report of the Secretary-General, after an initial delay, the recruitment of an artworks restoration expert was completed, while the recruitment for an information technology, audiovisual and conference engineering services expert was unsuccessful, with the related task now to be carried out using in-house resources. Furthermore, since no suitable consultancy candidates for exhibition curator experts have been identified, the current plan is to separate the related services into two task areas, namely, curatorial and organizational, with the latter intended to support the Public Information and Knowledge Management Division in refining the business case and establishing design criteria for the visitors' centre. **The Advisory Committee trusts that the Secretary-General will utilize available in-house resources for the aforementioned organizational tasks and that the delays in the recruitment of consultants will not delay the completion of the project.**

Project schedule

11. As indicated in paragraphs 65 and 66 of the report of the Secretary-General, completion of the project by the end of 2021 is considered achievable, although its timely completion could be impacted by a number of risk factors (see para. 14 below). The Secretary-General also indicates that the start of stage 4 of the schedule has been slightly delayed as the early decanting work that started in May 2018, instead of, as planned (A/73/355, paras. 58–59), in October 2017. Another slippage was expected to occur with respect to the work on the main renovation of the Africa Hall, following the anticipated contract award scheduled for August 2018, with construction now to commence by the end of 2018 (ibid., para. 46). The Advisory Committee recalls that construction had originally been scheduled to commence by the end of 2017 (A/72/7/Add.26, para. 7). Upon enquiry, the Committee was informed that, since the issuance of the report of the Secretary-General in August 2018, additional slippages had been encountered in connection with the aforementioned procurement process for the main renovation works.

12. **The Advisory Committee trusts that the Secretary-General will provide to the General Assembly, at the time of its consideration of the present report, an update on the actual start date of construction work, including an assessment on whether the required construction materials will be delivered in a timely manner so as to ensure the start of construction on the scheduled date. In order to confirm adherence to the project schedule, the Committee looks forward to assessing, in the next progress report, the measures taken by the Secretary-General to ensure the delivery of the project within the scope, budget and timeline as approved by the General Assembly (see also A/72/7/Add.26, para. 9).**

[1] The existing staffing is as follows: a Project Manager (P-5); an Architect/Engineer (P-4); a Procurement Officer (P-3); an Architectural/Civil/Structural Engineer (National Professional Officer); a Mechanical/Electrical Engineer (National Professional Officer); a Clerk of Works (National Professional Officer); a Finance/Budget Assistant (Local level); a Logistics Shipping Assistant (Local level); and a Project Coordinator (P-4), located in the Global Property Management Service in New York and cost-shared with the Economic and Social Commission for Asia and the Pacific premises construction project in Bangkok (ESCAP) (A/73/425, para. 5); and six security officers (Local level) to contribute to construction site security.

Risk management

13. With respect to risk management, the Secretary-General indicates that, following a risk workshop held in February 2018, the project risk management strategy document, a risk register and a quantitative (Monte Carlo[2]) analysis of risks were produced. He also indicates that an independent risk management firm will produce two annual reports, the first of which was issued in June 2018. In addition, the Secretary-General indicates that, for all of the Secretariat's capital construction projects, a confidence level of 80 per cent for project completion within budget has been established. With respect to ECA specifically, the latest Monte Carlo simulation shows a 75 per cent level of confidence that the project would be completed within the approved budget. He also indicates that, given the stage of the project (i.e., prior to the awarding of the construction contract), he remains confident that the project will be delivered within budget, in particular as the main strategies for mitigating the major risks have been identified (A/73/355, paras. 25–29). The Advisory Committee notes from figure I of the report of the Secretary-General that, at the United Nations benchmark level of 80 per cent, the cost of the Africa Hall project would amount to approximately $57.3 million, or $400,000 over the currently approved level of $56.9 million.

14. The Secretary-General indicates that 10 main risks and their impact on project costs have been identified and would be addressed through mitigation measures. The three highest risks pertain to: (a) changes as a result of late design requirements and optional scope additions; (b) possible hidden and unpredictable existing building conditions at Africa Hall; and (c) general schedule delays (A/73/355, paras. 30–33). Upon enquiry, the Advisory Committee was informed that, to date, two changes had been requested by ECA, pertaining to additional blast design mitigation measures and to changes to the audiovisual features of the conference room.

15. **The Advisory Committee recommends that the General Assembly request the Secretary-General to include an update on the management of the 10 main risks and the related mitigation measures in the next progress report on the project. With respect to the highest risk involving changes to design requirements and scope additions, the Committee expects that such changes will be kept to a minimum (see also A/70/441, paras. 9–12 and 35). The Committee requests that an update on the results of further Monte Carlo simulations be provided in the next progress report.**

Escalation and contingency

16. The Secretary-General indicates in paragraphs 67–69 of his report and in the annex thereto that the projected escalation costs amount to $1,373,800, compared with $5,706,400 in the previous reporting period, reflecting a decrease of $4,332,600, as these costs have been absorbed by the updated 2018 cost estimates for the main works contract. The contingency provision amounts to $8,271,100, compared with $8,173,800 in the previous reporting period, reflecting an increase of $97,300, which according to his report, has been calculated by applying a 20 per cent rate on the revised/updated construction trade costs, professional services costs and escalation costs. The Advisory Committee was informed, upon enquiry, that for the Secretariat's global capital projects, the contingency rate ranged between 10 per cent and 20 per cent as follows: (a) for renovation projects, such as Africa Hall, which involves

[2] The Advisory Committee recalls that it had been informed that the Monte Carlo model was a statistical analysis method used to better understand the impact of risks in a project, by using a range of minimum to maximum values with regard to time frames and cost estimates for stages and components, through a computer-based simulation that ran multiple random project scenarios (A/72/7/Add.26, para. 8).

historic building elements, a rate of 20 per cent is applied during project initiation stages, with the amount of the remaining contingency to vary as the project progresses; and (b) for new construction projects, or simple construction renovations, a rate of 10 per cent is applied.

17. Table 1 of the report of the Secretary-General shows changes in estimated project costs between the current and previous reports, as follows:

Changes in estimated total project costs: comparison between the current and the previous reports

(Thousands of United States dollars)

	Estimated costs in the current report	*Estimated costs in the previous report (see A/72/374)*	*Difference*
	(a)	*(b)*	*(c)=(a)-(b)*
Section 33, Construction, alteration, improvement and major maintenance			
1. Construction costs	35 424.2	31 443.0	3 981.2
2. Professional services	6 693.8	6 517.4	176.4
3. Escalation	1 373.8	5 706.4	(4 332.6)
4. Contingency	8 271.1	8 173.8	97.3
Subtotal, section 33	**51 762.9**	**51 840.6**	**(77.7)**
Section 18, Economic and social development in Africa			
5. Project management	4 716.6	4 454.9	261.7
Subtotal, section 18	**4 716.6**	**4 454.9**	**261.7**
Section 34, Safety and security			
6. Security requirements	416.8	600.8	(184.0)
Subtotal, section 34	**416.8**	**600.8**	**(184.0)**
Total	**56 896.3**	**56 896.3**	–

18. The Advisory Committee notes that contingency figures have neither been consistent nor calculated at 20 per cent throughout the project. The Committee notes from the table above that the contingency rate for the duration of the project has increased between the current and previous reports of the Secretary-General, from 18.72 to 19.02 per cent, as a result of an increase of $97,900 (from $8,173,800 to $8,271,700) in the contingency amount and a decrease of $175,000 (from $43,666,800 to $43,491,800) in the baseline for its calculation.

19. **The Advisory Committee requests the Secretary-General to provide an explanation to the General Assembly at the time of its consideration of the present report on the calculation of the contingency rates and reasons for the varying percentages. Furthermore, the Committee trusts that a more accurate estimation of the project contingency level will be established once the construction phase is initiated and recommends that the Assembly request the Secretary-General to include information on the contingency calculation methodology in future progress reports.**

Energy efficiency gains and resulting cost savings

20. The Secretary-General indicates in his report that the Africa Hall project will adhere to current industry best practices for minimizing energy consumption and for

increasing efficiencies in the use of water and other resources. The related steps to be taken will include solar-heated water, motion sensors and dimmer controls for intelligent lighting, daylight sensing, passive and mixed-mode ventilation, low solar-transmitting glazing and improved insulation, as well as water efficiency measures, such as metered and low-flow plumbing fixtures and water harvesting (ibid., para. 62). Upon enquiry, the Advisory Committee was informed that the specific efficiency measures, in addition to the aforementioned measures, included: (a) roof-mounted packaged air handling units to cool, heat and filter outside air before it is supplied to the interior; (b) single-purpose air supply and extraction systems in each kitchen to prevent cooking smells; (c) natural ventilation in small rooms, using openable windows; and (d) mechanical ventilation and openable windows in toilets and cleaner's spaces. The Committee was also informed that the project scope did not foresee the independent or alternative production of energy since ECA is able to use electricity produced from renewable resources available from the local power grid. Furthermore, solar panels would be used only on a very limited scale, for example, to provide hot water and as a power source for security related closed-circuit television cameras.

21. **The Advisory Committee is of the view that there is a need to measure the envisaged energy efficiency gains and resulting cost savings and recommends that the General Assembly request the Secretary-General to include such information in the next progress report on the renovation of Africa Hall. In addition, the Committee encourages the Secretary-General to take advantage of applicable lessons learned in the planning and implementation of other United Nations construction projects.**

Visitors' centre

22. With respect to the visitors' centre, the Secretary-General suggests in his report that the best time for developing more accurate underlying assumptions and calculating the projected number of visitors to Africa Hall would be at least 12 months after the opening of the visitors' centre (ibid., paras. 63–64). **Taking into account the status of Africa Hall as a historic landmark, the Advisory Committee reiterates its view that Africa Hall and its visitors' centre should be made available to all interested visitors, regardless of ability to pay, and that the target audience will include all types of visitors (including tourism, educational/academic and conference). The Committee recommends that the General Assembly request the Secretary-General to provide the underlying assumptions and calculation of the projected number of visitors to Africa Hall, as well as different admission options for various visitor groups, following the completion of the renovation of Africa Hall and its visitors' centre.**

Financial requirements

23. An overview of estimated project costs, including of the revised cost plan, the status of expenditures for the period from 2016 to 2018 and resource requirements for 2019, is provided in paragraphs 67 to 74 of the report of the Secretary-General and in the annex thereto.

24. As indicated in table 2 of the report of the Secretary-General, cumulative expenditures from project start-up in 2016 to 30 June 2018 amounted to $5,724,500, with total projected expenditures for the period 2016–2018 expected to amount to $10,351,500, resulting in a projected unspent balance of $8,825,000. It is further indicated, in table 3 of the report of the Secretary-General, taking into account the aforementioned unspent balance, that the net funding requirements in 2019 would amount to $8,931,100, with the total projected expenditure in the amount of $17,756,100, comprising: (a) $16,646,100 under section 33, Construction, alteration,

improvement and major maintenance; (b) $1,010,000 under section 18, Economic and social development in Africa, for the project management team; and (c) $100,000 under section 34, Safety and security, for security requirements.

25. The Secretary-General indicates in section J of his report that the total cost of the project, through 2021, has remained unchanged, at $56,896,300.

IV. Conclusion

26. The actions to be taken by the General Assembly are listed in paragraph 76 of the report of the Secretary-General (A/73/355).

27. **Subject to its comments and recommendations above, the Advisory Committee recommends that the General Assembly:**

(a) **Take note of the progress made since the issuance of the previous report of the Secretary-General;**

(b) **Take note of the revised cost plan for the project;**

(c) **Appropriate a net amount of $8,931,100 for project activities in 2019, comprising: $964,500 under section 18, Economic and social development in Africa; $7,937,600 under section 33, Construction, alteration, improvement and major maintenance; and $29,000 under section 34, Safety and security, of the programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund.**